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Letter dated 13 February 2004 from the Permanent Representative of Norway to the United Nations addressed to the Secretary-General

I have the honour to transmit the report of an international conference on the theme "Water for the poorest", held in Stavanger, Norway, on 4 and 5 November 2003 (see annex). I should be grateful if you would have the present letter and its annex circulated as a document of the twelfth session of the Commission on Sustainable Development.

(*Signed*) Johan L. **Løvald**
Ambassador
Permanent Representative

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Annex to the letter dated 13 February 2004 from the Permanent Representative of Norway to the United Nations addressed to the Secretary-General

THE INTERNATIONAL WATER ACADEMY *

"Water for the Poorest"

Responding to the Millennium Goals

A Conference in support of

The United Nations Commission for Sustainable Development
12th Session

STAVANGER, NORWAY, 4-5 NOVEMBER 2003

*The International Water Academy is a non-for profit organization of 220 members from more than 40 countries. Members of the Academy are selected from the public sector, NGOs, the business community and water professionals. Membership is for life. The objective of the work of the Academy is to prevent water conflicts, foster capacity building and involve members in water policy dialogue for the benefit of the poorest.

Foreword

The "Water for the Poorest" conference has been designated by the United Nations Commission on Sustainable Development (CSD) as a Conference in support of CSD. This Conference Report is prepared for submission to the CSD's 12th session, April, 2004 in New York.

The conference was motivated by concerns of TIWA-members, and International Community and South-representatives, that progress of actions towards Millennium Development Goals (MDG) fulfillment are lagging significantly behind the ambitions of world leaders.

"Water for the Poorest" conference participants convened in November 2003 in Stavanger, Norway to make recommendations for priority actions that can expand and accelerate the MDG and WSSD water and poverty agenda.

In conclusion of the event, the Conference Chair, Professor Dr. Jan Pronk, presented to the final plenary a Chair's Summary which was submitted to CSD 12th Session Chair, Minister for the Environment, Mr. Børge Brende, Norway.

The present Report has two parts. Part I contains the Chair's Summary. Part II contains the recommendations reported from the multi-stakeholder dialogues, from the conference plenary and breakout sessions, underpinning the Chair's Summary. Together, these recommendations as edited by The International Water Academy constitute the "Water for the Poorest" program of priority actions for key stakeholders to follow up on.

The International Water Academy hereby wishes to express its gratitude to all conference participants who very actively brought forward their knowledge, experiences, views and recommendations, - as well as thanks to the key institutions that supported the Conference.

The International Water Academy is, however, fully responsible for the content of this Report.

Finally, The International Water Academy would like to thank the Norwegian Ministry of Foreign Affairs for providing financial support for the Conference.

Oslo, February 10, 2004

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PART I

CHAIR'S SUMMARY

In the Chair's Summary, Professor Dr. Jan Pronk concluded the conference proceedings with the key messages and the main recommendations for addressing access to water resources and water and sanitation.

WATER, - AND THE CALL TO ERADICATE POVERTY

At the Johannesburg World Summit on Sustainable Development (WSSD), world leaders acknowledged that eradicating poverty is the greatest global challenge facing the world today. Effective development and management of water resources and efficient and equitable provision of water supply and sanitation services are essential for poverty reduction, ecosystem protection and sustainable growth. Sound water resources management has become more urgent as water becomes scarcer, its quality declines, environmental and social concerns mount, and the threats posed by floods and droughts are made worse by climate change. It is the poorest that suffer most from inadequate water and sanitation services.

Clean water is essential for human health and survival. Safe drinking water, adequate sanitation and hygienic practices like hand washing are a precondition for human health and for overall reductions in malnutrition, morbidity and mortality, especially among children. Access to clean water and sanitation services is critical to sustainable development, including environmental protection and food security.

THE CONFERENCE

On 4 – 5 November 2003, stakeholders from Governments in the South, from donor countries and the international donor community, from civil society in the South, the international business community and wate professionals were convened by the International Water Academy (TIWA) in Stavanger, Norway, to discuss "Water for the Poorest". The conference concentrated on how to implement the Millennium Development Goals (MDGs) for water and the Johannesburg WSSD targets on sanitation and Integrated Water Resources Management (IWRM), and the outcome of the Conference will be reported to CSD 13.

"WATER FOR THE POOREST" KEY MESSAGES

1. The Millennium Development Goals on water and sanitation are achievable.

We are currently not on track and we have an imperative to act upon the promises made by our political leaders. Well-intended but misguided policies can distort the situation even further. Actors at all levels should prioritize services to the poorest and take steps to mobilize domestic and external financial resources. Governance should be improved to ensure that the voice of the poor is heard at all levels, from the local up to the international level. National and international priorities should be based on social justice. Much of what is needed to satisfy basic human needs for water and sanitation is not expensive to supply - by means of reallocation and redistribution of already available resources, much can be accomplished. If priority is not given to the poorest, their situation will worsen. Giving priority to the poor implies less to the not so poor.

2. National governments have the main responsibility, but not the sole responsibility.

Not all responsibilities can be shifted to national governments. The international community has a responsibility for providing basic support to countries where the national capacity to carry out pro-poor policies are weak. This includes both countries in conflicts and countries in extreme poverty.

3. People have a right to safe water supplies that satisfy their basic needs at a price they can afford.

Water resources are a common good to be controlled by governments on behalf of their citizens. National governments should be accountable for providing access to water and sanitation to all of their citizens.

4. Halving the proportion of poor by 2015 is an internationally agreed priority, but the other half of the poor is equally important.

Even having achieved the MDGs, it is imperative to redress poverty further. Actions to that end have to start now.

ADDRESSING ACCESS TO WATER RESOURCES AND WATER AND SANITATION SERVICES FOR THE POOREST

The key to better water management and improved service delivery is three-fold: improved water governance ensuring the effective use of existing resources and the active participation of all stakeholders; a substantial increase in the financing of water infrastructure and targeted financing schemes for the poorest; and empowerment and capacity building to that end.

Governance

National and local governments should decide how to organize their water and sanitation services. Governments should make their own decisions on service provision options and how to address the needs of the poor. Donors and lending agencies should not make private sector involvement a pre-condition for water sector support. The issue is not public or private but sustainable access and efficient delivery of services at low cost. Planning and service provision should be carried out at the lowest level of decision making with the effective participation of the poorest.

Reforms and investments should go hand in hand. Actions to enhance institutional capacity, policy reforms and funding of infrastructure should come as a package rather than funding being made conditional on the completion of reforms. Official development assistance must adopt a "learning-by-doing" approach rather than insisting upon a sequential, conditional approach. Indeed, reforms are needed such as the development of clear and stable legal and regulatory frameworks and anti-corruption measures. However, reforms cannot be a substitute for investments.

Integrated Water Resources Management (IWRM) plans and Poverty Reduction Strategy Papers (PRSPs) must be *for* the people, *of* the people and *by* the people. IWRM plans and PRSPs should be part of the national processes of planning and budgeting. The entry point of IWRM should be poverty eradication. All countries should have IWRM processes completed or well under way by 2005. Support should be given to developing countries that will not reach the target.

Financing Water for the Poorest

Attract more funds to sub-sovereign and local levels. More finance should be raised locally, through progressive tariffication, taxation and local capital markets. Where the poorest cannot afford to pay the full cost of water and sanitation, tariff systems should facilitate social targeting. National and international capital should fund micro-financing schemes for water and sanitation, allowing poor people to finance small-scale water infrastructure and service provision.

In the allocation of domestic resources, priority should be given to the poorest. Increased coverage of water and sanitation to the poorest would lead to improved social welfare and environmental and economic benefits. Priority should be given to scaling up services to those who lack access to safe water and sanitation, rather than improving services to populations that already have access.

Increase funding levels and disbursements targeting the poorest. Financial contributions need to be increased from all the main sources of finance: national governments, donors, multilateral financing institutions, commercial lenders, private investors, voluntary donations, solidarity schemes, etc. Improved efficiency of resource utilization should be given priority next to the development of new funding mechanisms

designed to reach the poorest. Where effective demand seems to be lacking, creative efforts have to be made to translate apparent needs into schemes ready for financing and implementation.

Redirect international support to the poorest and to the countries in most need. Financial support for water supply and sanitation by donors and international financial institutions should be channelled to the countries in most need. Redirecting will require poverty mapping and impact analysis.

Empowerment

A demand-responsive and people-centred approach is required. The MDGs are global in character but they must be implemented locally, at city-, village- and community levels, where people live and shelter and services are required. Successful water supply and sanitation projects must be demand-responsive and people-centred which implies that the community initiates, and helps plan, implements, maintains and then owns the systems. Communities are best placed to judge what is needed and how service provision can be made sustainable.

Grant property rights and tenure to the poorest – no ownership, no sustainability. Better governance should secure the rights and entitlements of the poor through legal reforms, enforcing mechanisms and institutions. Granting property rights and tenure security to low- income households will stimulate the effective demand for water and sanitation, both in informal settlements in peri-urban areas as well as in rural areas.

Empower the poorest. Equitable participation in decision-making over services and management of water resources demands empowerment of the poorest. Empowering the poorest will mean liberation of women from

the daily drudgery, lost time and opportunities. This will enable school attendance. Sanitation and education for girls are closely linked, as their school attendance requires separate sanitation facilities.

Capacity is scarce at all levels. All actors should help strengthen the capacity of households, local communities and local authorities to undertake a fair and sustainable water management and planning as well as the operation of water and sanitation services. Water supply and sanitation to the poorest is in the end a local issue.

PART II

ELABORATION OF PRIORITY ACTIONS

This part contains the recommendations reported from the multi-stakeholder dialogues, from the conference plenary and breakout sessions, underpinning the Chair's Summary. Together, these recommendations as edited by The International Water Academy constitute the "Water for the Poorest" program of priority actions for key stakeholders to follow up on. *Sections in italics contain the proposals in the Chairs' Summary.*

GOVERNANCE: PRIORITY ACTIONS

- ***National and local governments should decide how to organize their water and sanitation services.***

Governments should make their own decisions on service provision options and how to address the needs of the poor. Donors and lending agencies should not make private sector involvement a pre-condition for water sector support. The issue is not public or private but sustainable access and efficient delivery of services at low cost. Planning and service provision should be carried out at the lowest level of decision making with the effective participation of the poorest.

Ensure access to basic services for all: Adopt the Human Right to Water. Every country should acknowledge the basic human Right to Water that the UN Committee on Economic, Social and Cultural Rights (ECOSOC) affirmed in November 2002. Recognition of this right in national policy-making and legislation is critical to bring about the fundamental approach to poverty eradication. Practical policies and strategies are needed to address the real problems of the poor.

National governments must co-operate more extensively with local governments. Local governments are at the forefront of water and sanitation services. In order to ensure that local action can proceed according to national programs, central governments should use input from local governments when determining spending priorities, design institutional frameworks and redistribute resources.

Central governments should design comprehensive fiscal policies that take the variety of local situations into account and provide adequate incentives. In order to be motivated to pay their dues on schedule,

individuals must clearly see the positive results of water taxes. Particular care must be taken to ensure that all individuals can afford a minimum amount of water. Incentives to consume more (i.e. savings of scale) should be removed. Focus must be on service delivery.

- ***Reforms and investments should go hand in hand:***

Actions to enhance institutional capacity, policy reforms and funding of infrastructure should come as a package rather than funding being made conditional on the completion of reforms. Official development assistance must adopt a "learning-by-doing" approach rather than insisting upon a sequential, conditional approach. Indeed, reforms are needed such as the development of clear and stable legal and regulatory frameworks and anti-corruption measures. However, reforms cannot be a substitute for investments. All actors can act on acceptable high–return projects that benefit the poor while reform and planning continues.

Aid criteria must be simple and flexible so as not to block projects needlessly. Results are urgently needed in the field. An inherent part of risk should be accepted in ODA-funded programs. This is necessary for the acceleration of project implementation.

Clear and measurable targets as well as monitoring of progress should support the drive for action and focus should be on service delivery. Monitoring and evaluation need to be dramatically improved and accelerated at all levels. Stakeholders jointly need to be clear on what they want to achieve, by defining goals, target groups, and what dimensions of poverty to address (livelihoods, health, hazards). Simple and comparable indicators must be presented and transparent benchmarking promoted. The adoption and follow-up of pro-poor policies focusing on access to sustained, reliable services rather than only on construction of infrastructure is critical.

There is a need for an independent authoritative group that assesses progress in the attainment of the water and Sanitation MDGs, both in terms of outputs and inputs, with ability to 'name and shame' those who are not delivering – and give credit to those who are.

- ***Integrated Water Resources Management (IWRM) plans and Poverty Reduction Strategy Papers (PRSPs) must be for the people, of the people and by the people.***

IWRM plans and PRSPs should be part of the national processes of planning and budgeting. The entry point of IWRM should be poverty eradication. All countries should have IWRM processes completed or well under way by 2005. Support should be given to developing countries that will not reach the target.

Integrated Water Resources Management must underlie all projects: When elaborating strategies, programs and projects, whether it be at the national or local level, the impact of the new initiatives on the wider environment (downstream-upstream, wetlands and thus flood control, fisheries...) and on surrounding populations who depend on that environment, must be considered. Water must be a matter for all sectors and ministries, strongly involving public finance. In particular, these plans must look at how IWRM can serve the poorest of the poor. The entry point of IWRM should be poverty eradication.

Water and sanitation must be better reflected in Poverty Reduction Strategy Papers (PRSPS) PRSPs need to reflect the MDGs and prioritize water and sanitation, as a first step.

Government and operators within the Water and Sanitation sector should engage in the PRSP process and ensure it receives adequate attention in PRSP documentation through:

1) Adequate diagnostics and implementation through improvements in water and sanitation sector information and evaluation systems;
2) Development of medium-term programs and supporting financing mechanisms; and
3) Advocacy strategies enabling different stakeholders to understand and continue to believe in the importance of water and sanitation in poverty reduction.

PRSPs can be a vehicle for implementing sector reforms and for gaining access to development funds both through national budgets and from external sources such as donor funds. Making the business case for water is crucial. This should be done by articulating clearly and persuasively the development rationale for investments in water and sanitation.

FINANCE: PRIORITY ACTIONS

The Johannesburg vision has not yet been translated into action.

In recent years, no major advances towards the Millennium Development Goals have been noticed in the field. The overall situation is not satisfactory:

New projects are necessary to accelerate access to water and sanitation services. Local governments are not yet fully on board, and overall, financing of the water sector has not yet increased. Some donors declare being unable to spend all their money because of a shortage of acceptable projects.

- ***Attract more funds to sub-sovereign and local levels***

More finance should be raised locally, through progressive tariffication, taxation and local capital markets. Where the poorest cannot afford to pay the full cost of water and sanitation, tariff systems should facilitate

social targeting. National and international capital should fund micro-financing schemes for water and sanitation, allowing poor people to finance small-scale water infrastructure and service provision.

Sub-national entities (local governments, communities, NGOs) must have better access to donor funds. Donors should better take into consideration the specificity of the water sector where most actors are local, and should therefore design their programs in such ways that they can be used efficiently by local, responsible authorities. Tighter cooperation between donors and local entities may proceed through existing associations of local actors such as Cities' partnerships or NGO networks, and may focus on the establishment of regional funds, conditions of sustainability and a reference framework to support decentralisation.

Overseas Development Aid (grants, credit enhancement, guarantees) and government subsidies should be used to mobilize local liquidities. Several tools exist for this, such as micro-credit programs and revolving funds. ODA and subsidies also serve to give confidence to small-scale investors (local banks, funds, individuals). In order to allow donors to find suitable outlets for their money faster, project preparation facilities should either be created, or expanded from the existing ones. Such facilities should focus on formulating the demands existing at the local level.

- ***In the allocation of domestic resource, priority should be given to the poorest.***

Increased coverage of water and sanitation to the poorest would lead to improved social welfare and environmental and economic benefits. Priority should be given to scaling up services for those who lack access to safe water and sanitation, rather than improving services to populations that already have access.

Central governments should demonstrate political priorities by increasing budget contribution to local water and sanitation projects and for targeting the poorest. Water is still not high enough on most nations' agenda. In order to create broader developmental impact, Central governments should give water higher priority by increasing the budget allotted to water and sanitation, particularly to local NGO, CBO and government project. This will create windfall effects in other sectors (education, health, environmental and economic benefits). Setting aside a percentage of the government's total annual budget to finance water and sanitation projects is suggested. This could make funding available for infrastructure to the unserved, including subsidies targeting basic supply for the poorest.

Governments should promote the formulation of needs and demands at the household and community levels. Sustainable projects should take root in clearly defined and expressed demands, not least because such demands are often a prerequisite for funding. NGOs can also have a role to play in defining and formulating effective demand.

Solutions and their financing must be adapted to the different types of human settlements (urban suburbs, small cities and villages), while taking local cultures into account. Urban suburbs share constraints (same raw water) with the main city but may also benefit from nearby existing facilities and the formalization of the water vendor system. Villages must often start with low-cost appropriate technologies. Small cities require extensive infrastructures. Cultural differences must also be accepted: solutions and methods appropriate for a certain region may not function in another.

Informal private service providers must be integrated into the total system of service providers. These actors service segments of the population that are not reached by the main water company of the area. By acknowledging their role, reaching rate agreements with the main company and regulating them properly, the

end users can be assured of better service and water quality. This formalization process must, however, protect the poor from price increases.

- ***Increase funding levels and disbursements targeting the poorest***

Financial contributions need to be increased from all the main sources of finance: national governments, donors, multilateral financing institutions, commercial lenders, private investors, voluntary donations, solidarity schemes, etc. Improved efficiency of resource utilization should be given priority next to the development of new funding mechanisms designed to reach the poorest. Where effective demand seems to be lacking, creative efforts have to be made to translate apparent needs into schemes ready for financing and implementation.

Governments must mobilize private internal money. In many countries, liquidities are available, both from private institutions and individuals. Innovative ways of encouraging investment from these parties must be developed. In order to increase efficiency, investment should be as direct as possible, with few if any intermediaries.

Donors must better coordinate and harmonize their actions, particularly regarding their administrative requirements. Too much energy, time and money is lost on multiple reports when a standardized format could enable recipients to complete a single report that would satisfy several authorities. Furthermore, better communication between donors could allow combinations in project funding that would result in stronger financial architecture. We need to move away from single projects to support for programs and budget support.

- ***Redirect international support to the poorest and to the countries in most need.***

Financial support for water supply and sanitation by donors and international financial institutions should be channelled to the countries in most need. Redirecting will require poverty mapping and impact analysis.

EMPOWERMENT: PRIORITY ACTIONS

- ***A demand-responsive and people-centred approach is required***

The MDGs are global in character but they must be implemented locally, at city- , village- and community levels, where people live and shelter and services are required. Successful water supply and sanitation projects must be demand-responsive and people-centred which implies that the community initiates, and helps plan, implements, maintains and then owns the systems. Communities are best placed to judge what is needed and how service provision can be made sustainable.

- ***Grant property rights and tenure to the poorest no ownership, no sustainability***

Better governance should secure the rights and entitlements of the poor through legal reforms, enforcing mechanisms and institutions. Granting property rights and tenure security to low income households will stimulate effective demand for water and sanitation, both in informal settlements in peri-urban areas as well as in rural areas.

- ***Empower the poorest***

Equitable participation in decision-making over services and management of water resources demands empowerment of the poorest. Empowering the poorest will mean the liberation of women from the daily drudgery, lost time and opportunities. This will enable school attendance. Sanitation and education for girls are closely linked, as their school attendance requires separate sanitation facilities.

Bring the poor in rural and urban areas to the heart of the decision making process. Empowerment of th poorest requires meaningful participation through listening to this especially vulnerable group and respecting their existing knowledge, social structures, institutions and leadership. Special attention must be paid to the needs of women and of marginalized, indigenous and the very poorest people. General concepts of empowerment and ownership should translate into specific laws and regulations.

Ensure that governments and support agencies participate in the people's agendas and are accountable to the people, not vice-versa. Continuous support must be provided not only to the communities in their managerial work, but also to the intermediary organizations (e.g. local government) that help the communities

Locally directed projects should be given first priority.

These projects often incur lower costs than externally managed ones, as the population has the best knowledg about local resources, can contribute labor and select a system within its means. Locally directed projects als have better chances of being economically sustainable. Multi-partite contracts (state, local authority stakeholders, NGOs, donors), cities' contracts and other similar aids to concerted management should be favored.

- ***Capacity is scarce at all levels***

All actors should help strengthen the capacity of households, local communities and local authorities to undertake a fair and sustainable water management and planning as well as the operation of water and sanitation services. Water supply and sanitation to the poorest is in the end a local issue.

Community empowerment and capacity building. It is necessary to overcome the barriers to community participation, management and empowerment in order to achieve sustainable water and sanitation services for the poor. Participation and empowerment ensure that poor communities genuinely benefit from these services and help increase the impact and effectiveness of development investments. This will require that resources be spent on building social infrastructure: - on developing mechanisms for community participation, on building genuine community management and skills, and on activities that support the empowerment of individuals, communities and their advocates. Priority should be given to: 1) promoting community participation, management and empowerment; 2) building advocacy capacity to engage in genuine bottom-up participatory planning and 3) to scale up community management approaches.

1. The capacity of communities and local governments to take up their role in delivering water and sanitation services must be reinforced. All actors should help strengthen the capacity of households, local communities and local authorities to undertake a fair and sustainable water management and planning and operation of water and sanitation services. This includes the capacity to administer and manage the finances of water and sanitation projects and systems. Water supply and sanitation to the poorest is in the end a local issue, the struggle to achieve the MDGs for water will have to be waged in human settlements, - cities, towns and villages, where water is consumed and waste generated. Capacity building efforts should be tightly linked to follow-up investments at national and local levels, targeted at the poorest.

2. Advocacy at all levels is a precondition for raising the profile of water: Advocacy requires capacity building, tools and funds and is required both in the South and North, including donor agencies. Communication campaigns targeting the poorest are frequently needed to make water supply and sanitation successful.

3. Scale up community management. Replicate each community's successes in other communities. In order to spread an understanding of empowerment and community management community exchange visits, mass media coverage and publications should be organized. Financial resources should be made available at the local level for community empowerment as well as for the physical aspects of water and sanitation services and for assisting local government staff and organizations to adopt the concept of community management. In addition, efforts should be undertaken to involve stakeholders (e.g. consumer groups, NGOs, private sector, national government, external support agencies) in water management through partnerships.